



Agenda  
Rancho Palos Verdes Solid Waste Subcommittee  
April 16, 2019  
City Hall, 30940 Hawthorne Boulevard  
Community Room, 8:00 AM

**CALL TO ORDER:**

**ROLL CALL:**

**FLAG SALUTE:**

**APPROVAL OF AGENDA:**

**INTRODUCTIONS:**

**PUBLIC COMMENTS:**

This section of the agenda is for audience comments for items not on the agenda.

**NEW BUSINESS:**

1. APPROVAL OF MINUTES

**Recommendation:** Approving the April 25, 2018 Solid Waste Subcommittee Meeting minutes

2. CONSIDER EDCO DISPOSAL CORPORATION'S RESIDENTIAL SOLID WASTE AND RECYCLING RATE INCREASE REQUEST FOR FY19-20

**Recommendation:** Review and recommend to City Council approval of EDCO's Residential Solid Waste and Recycling rate increase request of 3.3% for FY19-20

**ADJOURNMENT**

*American with Disabilities Act:* In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at 310 544-5208 at least 48 hours prior to the meeting.



**Note:** Staff reports are available for inspection at City Hall, 30940 Hawthorne Boulevard during regular business hours 7:30 A.M. to 5:30 P.M. Monday- Thursday and 7:30 A.M. to 4:30 P.M. on Friday.

Materials related to an item on this agenda submitted to the Solid Waste Subcommittee after distribution of the agenda packet are available for public inspection at the front counter of the lobby on the City Hall Administration Building/Public Works at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

Written materials, including emails, submitted to the City are public records and may be posted on the City's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

You can also view the agenda and staff reports at the City's website:  
<http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>

Draft Minutes  
Rancho Palos Verdes Solid Waste Subcommittee  
April 25, 2018

The meeting was called to order at 8:04 AM, by Councilmember Alegria at City Hall, 30940 Hawthorne Boulevard, Community Room.

The Solid Waste Subcommittee roll call was answered as follows:

**PRESENT:** Councilmember Alegria and Councilmember Cruikshank.

Also present were: Elias Sassoon, Director of Public Works; Lauren Ramezani, Senior Administrative Analyst and Recording Secretary, Public Works; Steve South, EDCO CEO/President, Efrain Ramirez, EDCO V.P., and Alan Walsh, EDCO CFO

**FLAG SALUTE:**

Councilmember Cruikshank led the Flag Salute.

**APPROVAL OF AGENDA:**

Councilmember Cruikshank moved to approve the agenda, seconded by Councilmember Alegria.

**INTRODUCTIONS:**

EDCO senior management were introduced to Councilmembers.

**PUBLIC COMMENTS: (Audience Comments regarding Items not on the agenda)**

One item of late correspondence was distributed prior to the meeting.

**NEW BUSINESS:**

**1. Approval of Minutes**

Secretary Ramezani commented that since neither Councilmembers attended the 2017 meeting, the City Clerk advised that the minutes be accepted into the record as to form. Councilmember Cruikshank moved, seconded by Councilmember Alegria to accept the Minutes of the May 15, 2017 meeting into the record as to form.

## **2. CONSIDER EDCO DISPOSAL CORPORATION'S RESIDENTIAL SOLID WASTE AND RECYCLING RATE ADJUSTMENT REQUEST FOR FY 18-19**

Senior Analyst Ramezani presented the item. Discussion ensued and Councilmembers Alegria and Cruikshank asked questions about EDCO's trucks and environmental programs, rate adjustment methodology, contract expiration deadline, survey of other cities rates, EDCO's public outreach and education programs, and distribution of Collector and Environmental Fees among City funds. EDCO representatives and/or staff answered the questions. Councilmember Cruikshank moved to approve recommending EDCO's FY 18-19 rate adjustment request of 4.12% to the full Council, seconded by Councilmember Alegria.

### **ADJOURNMENT**

Councilmember Alegria moved to adjourn the meeting and Councilmember Cruikshank seconded the motion. The meeting was adjourned at 9:10 AM.

**RANCHO PALOS VERDES CITY COUNCIL  
SOLID WASTE SUBCOMMITTEE AGENDA REPORT**

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**MEETING DATE: 04/16/2019**

**AGENDA DESCRIPTION:**

Consideration and possible recommendation to the City Council to approve EDCO's Residential Solid Waste and Recycling rate increase request for FY19-20

**RECOMMENDED SUBCOMMITTEE ACTION:**

- 1) Review and recommend to City Council approval of EDCO's Residential Solid Waste and Recycling rate increase request of 3.30% for FY19-20

**FISCAL IMPACT:** If approved by City Council, the City's annual Collector Fee and Environmental Fee would increase by 3.3%.

<b>Amount Budgeted:</b>	N/A
<b>Additional Appropriation:</b>	N/A
<b>Account Number(s):</b>	N/A

**ORIGINATED BY:** Lauren Ramezani, Senior Administrative Analyst  
**REVIEWED BY:** Elias Sassoon, PE, Director of Public Works



**ATTACHED SUPPORTING DOCUMENTS:**

- A. Agreement and Amendment to the Agreement between the City and EDCO Disposal Corporation for Residential Solid Waste Management Services (Sections on Rate Adjustments) (page A-1)
- B. Current FY18-19 and Proposed FY19-20 Monthly Rates (page B-1)
- C. Rate Adjustment Formula, Methodology and Exhibit 5-A (page C-1)
- D. Collector and Environmental Fees, and Recycling Rebate/Credit (page D-1)
- E. EDCO's Agreement Extension/Cancellation Options (page E-1)

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**BACKGROUND AND DISCUSSION:**

EDCO is requesting a rate adjustment of 3.3% for FY19-20 in accordance with the terms and the specific adjustment methodology outlined in their agreement.

The City has had an exclusive residential solid waste and recycling agreement with EDCO Disposal Corporation (EDCO) since July 1, 2010 for Service Area 1. This agreement consisted of a seven-year base period, 7/1/2010 to 6/30/2017, plus an extension option of up to 36 months. The Agreement was amended on June 30, 2015, and the term of the agreement was extended to June 30, 2020. It also included seven, one-year automatic options to extend based on mutual consent (FY20-21 to FY26-27).

In 2015, as part of the contract extension negotiation, EDCO waived their eligible 4.2% rate adjustment request for FY15-16 and EDCO reached an agreement with Universal Waste Systems, Inc. (UWS) and acquired UWS' franchise agreement. UWS serviced the City's coastal and landslide areas, Service Area 2. This consolidation improved efficiency, increased uniformity and customer service throughout the City and made services, billing, outreach, State reporting and new program implementation more efficient. It also retained Service Area 2's unique and customized services and rates.

**RATE ADJUSTMENT REQUEST:** In accordance with Section 6.3 of EDCO's agreement with the City: "Adjustments to the maximum rates is subject to the approval of the City Council at a public hearing, although the Council's discretion shall be limited to determining, based on substantial evidence, whether the requested maximum rate adjustment meets the requirements as set forth herein." (Attachment A)

In March 2019 in accordance with the adjustment formula in the Agreement, EDCO requested a rate adjustment of 3.30% for FY19-20, with the increase effective July 1, 2019. The formula is based on annual landfill disposal tipping fees, fuel, labor, equipment and CPI changes outlined in Attachment C. There are no additional costs or surcharges added to EDCO's requested rate increase. Staff and CAA, the City's AB 939 consultant, reviewed the data and calculations provided by EDCO, and found them accurate and per the Agreement. Current and proposed new rates are provided (Attachment B). Comparably, the approved rate adjustment for FY 18-19 was 4.12%.

**PROPOSITION 218 PROCESS:** On November 15, 2016, the City conducted a Proposition 218 public notification and hearing process. In accordance with applicable law, the City Council adopted a formula authorizing automatic fee adjustments for a 5-year period, based on the RAM rate adjustment formula in the agreement. This does not mean that the exact annual adjustment amount or percentage increase is pre-approved or pre-determined. Only the formula is pre-approved,

Although a public hearing is not required, one is being tentatively scheduled in May as a courtesy and for the purposes of transparency for ratepayers.

**SUBCOMMITTEE:** This Subcommittee meeting is scheduled to provide Subcommittee members Alegria and Cruikshank the opportunity to review EDCO's rate adjustment request and the summary of the proposed rates, and its adherence to the rate adjustment formula as set forth in EDCO's Agreement. Staff requests that the Subcommittee, after review, recommend bringing this rate adjustment request to the full City Council for consideration and approval.

Finally, staff is providing information on EDCO agreement's extension/cancellation options and applicable deadlines (Attachment E). Typically 15-18 months is needed for a successful competitive solid waste procurement process, including equipment (trucks and carts) purchases, and re-routes implementing for a smooth service transition and public education and outreach. At the Subcommittee's recommendation and the Council's direction, staff can prepare a staff report and present possible options to pursue.

## **ALTERNATIVES:**

In addition to the Staff recommendation, the following alternative actions are available for the Subcommittee's consideration:

1. Do not approve the fee increase. However, this action would be contrary to the terms of the Agreement.
2. Take other action as deemed appropriate by the Subcommittee.

## **ARTICLE 6**

### **CONTRACTOR COMPENSATION AND RATES**

#### **6.1 General**

The maximum rates set forth in Exhibit 4, and as more fully defined as Contractor Compensation in this Article, shall be the maximum amount Contractor may charge Customers as full, entire and complete compensation due pursuant to this Agreement for all labor, equipment, materials and supplies, taxes, insurance, bonds, letters of credit, overhead, Disposal, transfer, profit and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed. Contractor shall impose no other charges for services provided to Customers unless approved in advance in writing by the City Manager.

Contractor shall not charge for Collection at Premises owned and/or operated by the City now and in the future.

#### **6.3 Schedule of Future Adjustments**

Beginning with the Rate Year starting July 1, 2011 and ending on June 30, 2012 and for all subsequent Rate Years, Contractor may request an annual adjustment to the maximum rates shown in Exhibit 4. The Contractor shall submit its request in writing, to be received by City in Person or via certified mail or by other means approved by the City, by the preceding March 30, and shall be based on the method of adjustment described in Section 6.4. Failure to submit a written request by March 30 shall result in Contractor waiving the right to request such an increase for the subsequent Rate Year. Missed rate adjustments may not be added to rate adjustment applications in ensuing years. Adjustment to the maximum rates is subject to the approval of the City Council at a public hearing, although the Council's discretion shall be limited to determining, based on substantial evidence, whether the requested maximum rate adjustment meets the requirements as set forth herein.



## 6.4 Method of Adjustments

### 6.4.1 General

Pursuant to Section 6.3, the Contractor may request an adjustment to the maximum rates according to the method described below and the formulas shown in Exhibit 5, subject to review and approval of City. All future adjustments are to be effective July 1 of the same year.

### 6.4.2 Cost Components for Rate Adjustment Indices

The approved rates consist of the following cost component categories. Each cost component may be adjusted by the change in the corresponding index below. See Section 6.4.3 for detailed rate adjustment procedures.

Cost Category	Initial Weightings		Rate Adjustment Factor
	Subtotal	Total	
<b>Service Component</b>		<b>73%</b>	
Labor	29%		Classification to be in effect as of the date the new rates go into effect (January 1st) under the Agreement between local haulers and Package and General Utility Drivers Local Union 396, International (1)
Fuel	8%		Producer Price Index WPU 0531, Fuels and related products and power, natural gas
Equipment	21%		Producer Price Index, PCU336120336120, Heavy duty truck manufacturing
All Other	42%		Consumer Price Index for All Urban Consumers (CUUR0000SA0L1E), all items less food and energy index - U.S. city average
Subtotal	100%		
<b>Disposal Component (2)</b>		<b>27%</b>	
Green Waste (3)	actual		Actual change in Puente Hills green waste rate (new index to be selected after closure of Puente Hills Landfill, see Section 6.4.5)
Transformation (3)	actual		Actual change in gate rate at SERRF waste to energy facility
Other Landfills (3)	actual		Actual change in gate rate at Puente Hills Landfill (or Puente Hills Transfer Station after closure of Puente Hills Landfill)
O.C. Landfill	>50%(4)		Actual change in Orange County Landfill System import rate
Sub-total	100%		
<b>Total</b>		<b>100%</b>	

(1) Under the agreement terminating September 30, 2012, these rates are:

Contract Date	4/01/10	4/01/11	4/01/12
Hourly Rate	\$20.15	\$20.80	\$21.80
Rate Adjustment Date	n/a	7/01/11	7/01/12
Change to Labor Component	n/a	3.2%	4.8%

Comparable rates from subsequent labor agreements will similarly apply. If a subsequent labor contract has not been executed prior to a rate adjustment calculation, the percentage change in the labor cost component used in the prior year's adjustment calculation will be used. In the event that the estimated labor component change is higher or lower than the actual change after a new labor contract is executed, no compensation adjustment shall be provided for prior periods.

(2) Annual increase in total disposal component (including Green Waste) in any one year shall be limited to no more than 10%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 10%.

(3) Annual increase in disposal component exclusive of disposal at the Orange County Landfill System is limited to no more than 10%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 10%.

(4) For rate adjustment purposes, for the term of Contractor's import agreement with the Orange County Landfill System, tonnage assumed to have been directed to the Orange County Landfill System shall be equal to the higher of actual tons directed or 50% of total Refuse and Green Waste tons.

#### **6.4.3 Rate Adjustment Steps**

All rates will be adjusted using the same methodology and cost component weightings. See Exhibits 5A, 5B and 5C.

**Exhibit 5A, Step One - Calculate Percentage Change in Indices.** Calculate the percentage increase or decrease in each index listed in Section 6.4.2. The increase or decrease in the published indices for fuel, equipment and all other (CPI, less food and energy) will be the change in the average annual published index between the calendar year ended the December prior to the Rate Year anniversary date and prior calendar year.

Example disposal component calculations are included in Exhibit 5B and Exhibit 5C:

**Exhibit 5B, Step 1: Determine the average disposal cost per ton for non-Orange County Landfill disposal.**

**Exhibit 5B, Step 2: Determine whether the change in the cost per ton of non-Orange County Landfill disposal exceeds the maximum allowable increase of 10%. If so, reduce the new non-Orange County Landfill disposal index to reflect no more than a 10% increase.**

**Exhibit 5B, Step 3: Weight the cost at the Orange County Landfill System and non-Orange County Landfill cost based upon percentage of tonnage directed to each (subject to a 50% minimum to be assumed directed to the Orange County Landfill System).**

**Exhibit 5B, Step 4: Determine whether the change in the total Disposal Component exceeds the maximum allowable overall increase of 10%. If so, reduce the new disposal index to reflect no more than a 10% increase. The resulting Average Cost Per Ton in Column P on Row 12 of Exhibit 5B will be the New Index Value used in Exhibit 5A.**

There may be multiple landfills used, and therefore multiple gate rates for which to calculate the percentage change, which shall be weighted by the number of tons disposed at each landfill. The change in Landfill and Green Waste Disposal indices shall be based upon the change between the per ton gate rates as of the effective date of the rate adjustment and 12 months prior. For example, the rate adjustment effective July 1, 2011 will reflect the change in the gate rate from July 1, 2010 to July 1, 2011. There shall be no adjustment for changes in disposal rates prior to July 1, 2010. See Exhibit 5C to calculate the July 1, 2010 disposal component baseline for the July 1, 2011 rate adjustment.

**Exhibit 5A, Step Two -**

**i. Component Weightings: The first rate adjustment cost components as a percentage of service component costs and of total costs are provided in Section 6.4.2 above, with subsequent components calculated in Step Four of the rate adjustment example in Exhibit 5A. For Exhibit 5A, Step Two of each subsequent rate adjustment, use the cost components recalculated in Step Four during the previous rate adjustment.**

ii. Service Component. Multiply the percentage changes for each rate adjustment service component by that component's weighting as a percentage of the service component and add these resulting percentages together to get the service component weighted change to the rates, subject to the service component increase cap. The annual change to the service component, calculated on row 11 of Exhibit 5, is capped at no more than a six percent (6%) increase per year. If the increase in any one year is higher than six percent (6%), the percentage increase not permitted may be added to any subsequent year's increase to the extent that a subsequent increase is below six percent (6%).

ii. Disposal Component.

The change in the disposal component is equal to the calculation on Row 5 of Exhibit 5A, Column C.

iv. Combined Rate Adjustment. Multiply the permissible percentage changes for the combined service component and the disposal component, as determined on rows 13 and 14 in column G of the example rate adjustment calculation in Exhibit 5A, by the cost component weightings for the service and disposal components.

Exhibit 5A, Step Three - Multiply the total weighted percent change from Step Two by the existing Customer rates to calculate the increase or decrease to the maximum rates. Add the rate increase or decrease to the existing rates to derive the newly adjusted rates.

Exhibit 5A, Step Four - Recalculate weightings for the following year based upon these changes.

#### ~~6.4.1 Government Fees~~

~~New or increased Federal, State or locally imposed per ton disposal fee surcharges are excluded from the 10% per year disposal component increase caps.~~

#### ~~6.4.5 Green Waste Index~~

~~After the Puente Hills Landfill ceases to accept Green Waste, City and Contractor will mutually agree upon a replacement Green Waste index. If such an index cannot be agreed to, adjustments shall be based upon changes in Contractor's actual incremental cost to transport and dispose of Green Waste, and Contractor shall provide City with access to all data necessary to assist in determining actual costs.~~

## Sections of Amendment to Agreement

Collection Customers. Contractor shall provide a sufficient number of Containers to each Customer to meet each Customer's individual needs.

### 4.18 Brush Clearing Events

Contractor shall provide and service sufficient Roll-Off Boxes up to twice per year to each homeowners' association for the purpose of brush clearing. Timing and placement of Containers to be mutually agreed upon between Contractor and each homeowners' association."

16. The maximum rates approved for the Rate Year commencing July 1, 2014 for Service Area 1 and Service Area 2 are attached hereto as Exhibits A and B, respectively.

Notwithstanding Article 6 of the EDCO Agreement and Article 6 of the UWS Agreement, Contractor will freeze the City approved July 1, 2014 rates through June 30, 2016 for both Service Area 1 and Service Area 2. In calculating the July 1, 2016 rate adjustment formula, there will be no retroactive recovery of the freeze. The July 1, 2016 rate adjustments will be based only on the most recent twelve month indexes (i.e. January 1, 2015 to December 31, 2015) available at that time.

17. Paragraphs (2) and (3) of Section 6.4.2 of the EDCO Agreement are hereby revised to read as follows:

"(2) Annual increase in total disposal component (including Green Waste) in any one year shall be limited to no more than 8%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 8%.

(3) Annual increase in disposal component exclusive of disposal at the Orange County Landfill System is limited to no more than 8%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 8%."

18. Section 6.4.3 of the EDCO Agreement is hereby revised to read as follows:

### "6.4.3 Rate Adjustment Steps

All rates will be adjusted using the same methodology and cost component weightings. See Exhibits 5A, 5B and 5C.

Exhibit 5A, Step One - Calculate Percentage Change in Indices. Calculate the percentage increase or decrease in each index listed in Section 6.4.2. The increase or decrease in the published indices for fuel, equipment and all other (CPI, less food and energy) will be the change in the average annual published index between the calendar year ended the December prior to the Rate Year anniversary date and prior calendar year.

## Sections of Amendment to Agreement

Example disposal component calculations are included in Exhibit 5B and Exhibit 5C:

Exhibit 5B, Step 1: Determine the average disposal cost per ton for non-Orange County Landfill disposal.

Exhibit 5B, Step 2: Determine whether the change in the cost per ton of non-Orange County Landfill disposal exceeds the maximum allowable increase of 8%. If so, reduce the new non-Orange County Landfill disposal index to reflect no more than an 8% increase.

Exhibit 5B, Step 3: Weight the cost at the Orange County Landfill System and non-Orange County Landfill cost based upon percentage of tonnage directed to each (subject to a 50% minimum to be assumed directed to the Orange County Landfill System).

Exhibit 5B, Step 4: Determine whether the change in the total Disposal Component exceeds the maximum allowable overall increase 8%. If so, reduce the new disposal index to reflect no more than an 8% increase. The resulting Average Cost Per Ton in Column P on Row 12 of Exhibit 5B will be the New Index Value used in Exhibit 5A.

There may be multiple landfills used, and therefore multiple gate rates for which to calculate the percentage change, which shall be weighted by the number of tons disposed at each landfill. The change in Landfill and Green Waste Disposal indices shall be based upon the change between the per ton gate rates as of the effective date of the rate adjustment and 12 months prior. For example, the rate adjustment effective July 1, 2011 will reflect the change in the gate rate from July 1, 2010 to July 1, 2011. There shall be no adjustment for changes in disposal rates prior to July 1, 2010. See Exhibit 5C to calculate the July 1, 2010 disposal component baseline for the July 1, 2011 rate adjustment.

### Exhibit 5A, Step Two

i. **Component Weightings:** The first rate adjustment cost components as a percentage of service component costs and of total costs are provided in Section 6.4.2 above, with subsequent components calculated in Step Four of the rate adjustment example in Exhibit 5A. For Exhibit 5A, Step Two of each subsequent rate adjustment, use the cost components recalculated in Step Four during the previous rate adjustment.

ii. **Service Component.** Multiply the percentage changes for each rate adjustment service component by that component's weighting as a percentage of the service component and add these resulting percentages together to get the service component weighted change to the rates, subject to the service component increase cap. The annual change to the service component, calculated on row 11 of Exhibit 5, is capped at no more than a four percent (4%) increase per year. If the increase in any one year is higher than four percent (4%), the percentage

## Sections of Amendment to Agreement

increase not permitted may be added to any subsequent year's increase to the extent that a subsequent increase is below four percent (4%).

iii. Disposal Component.

The change in the disposal component is equal to the calculation on Row 5 of Exhibit 5A, Column C.

iv. Combined Rate Adjustment. Multiply the permissible percentage changes for the combined service component and the disposal component, as determined on rows 13 and 14 in column G of the example rate adjustment calculation in Exhibit 5A, by the cost component weightings for the service and disposal components.

Exhibit 5A, Step Three - Multiply the total weighted percent change from Step Two by the existing Customer rates to calculate the increase or decrease to the maximum rates. Add the rate increase or decrease to the existing rates to derive the newly adjusted rates.

Exhibit 5A, Step Four - Recalculate weightings for the following year based upon these changes."

19. Section 6.4.4 of the EDCO Agreement is hereby revised to read as follows:

**"6.4.4 Government Fees**

New or increased Federal, State or locally imposed per ton disposal fee surcharges are excluded from the 8% per year disposal component increase caps."

20. Section 4.5.7 (Street Sweeping Contract Management) is hereby added to Section 4.5 of the EDCO Agreement as follows:

**"4.5.7 Street Sweeping Contract Management**

Commencing July 1, 2015, or such later date as may be directed by City's Director of Public Works, and for the term of this Agreement thereafter, Contractor shall provide contract management services of City street sweeping services in accordance with the current requirements specified by City at no additional cost to City.

Street sweeping services shall be provided through a street sweeping service provider engaged by City. In the event of (i) default of the street sweeping contract that is not the result of the negligence or willful act of Contractor, and/or (ii) termination of street sweeping services that is not the result of the negligence or willful act of Contractor, such default or termination shall not be cause for default and/or termination of this Agreement.

## City of Rancho Palos Verdes - Area 1

## EDCO SINGLE-FAMILY RATES

Increase eff 7/1/19 3.30%

## Current Rates

## Proposed Rates

FY 19-20 Effective 7/1/2019

Monthly Cart Service Rates				
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:				
Refuse Cart Size:	35-gallon	64-gallon	96-gallon	
Standard Service	\$21.20	\$27.29	\$33.35	
Additional Refuse Cart	\$7.29	\$9.72	\$12.16	
Additional Recycling Cart	Free	Free	Free	
Additional Green Waste Cart (above three)	\$2.44	n/a	\$4.86	
Other Cart Rates and Services (Charged in Backyard Service - per home per month, all cart sizes)				
Backyard Service - per home per month, all cart sizes			\$7.49	
Pup Service - per home per month, all cart sizes			\$6.25	
Backyard and Pup Services - per home per month, all cart sizes			\$9.99	
Senior Rate Reduction			10%	
Low-Income Rate Reduction			5%	
Annual Payment Rate Reduction			5%	
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year)			\$6.08	
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year)			\$30.39	
Cart Exchange (after free-exchange period)			\$18.24	
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)			\$30.39	
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled			\$18.24	

\* Including all fees retained by, or paid to, City.

Monthly Cart Service Rates				
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:				
Refuse Cart Size:	35-gallon	64-gallon	96-gallon	
Standard Service	\$21.90	\$28.19	\$34.45	
Additional Refuse Cart	\$7.53	\$10.04	\$12.56	
Additional Recycling Cart	Free	Free	Free	
Additional Green Waste Cart (above three)	\$2.52	n/a	\$5.02	
Other Cart Rates and Services (Charged in Backyard Service - per home per month, all cart sizes)				
Backyard Service - per home per month, all cart sizes			\$7.74	
Pup Service - per home per month, all cart sizes			\$6.46	
Backyard and Pup Services - per home per month, all cart sizes			\$10.32	
Senior Rate Reduction			10%	
Low-Income Rate Reduction			5%	
Annual Payment Rate Reduction			5%	
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year)			\$6.28	
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year)			\$31.39	
Cart Exchange (after free-exchange period)			\$18.84	
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)			\$31.39	
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled			\$18.84	

\* Including all fees retained by, or paid to, City.



# City of Rancho Palos Verdes - Area 1

Increase eff 7/1/19 3.30%

## Current Rates

## EDCO SINGLE-FAMILY RATES

### MULTI- FAMILY RATES

## Proposed Rates

### MULTI- FAMILY RATES

Monthly Bin						
Container Size	Pickups per					
	1	2	3	4	5	6
2-yard	\$94.50	\$131.69	\$168.88	\$187.49	\$243.30	\$259.28
3-yard	\$131.73	\$168.92	\$206.15	\$243.34	\$299.11	\$310.90
3-yard w/ compactor	\$263.44	\$337.87	\$412.24	\$486.68	\$598.23	\$621.76
4-yard	\$150.39	\$187.52	\$243.34	\$299.15	\$364.45	\$387.36
4-yard w/ compactor	\$300.78	\$375.05	\$486.70	\$598.30	\$726.42	\$774.74
6-yard	\$187.60	\$251.65	\$299.16	\$354.99	\$412.53	\$431.29
Recycling bin/cart	No charge					
					</	

Other Bin Service Rates -						
Bin Service	Pickups per					
	1	2	3	4	5	6
Locking Bin Service	\$7.49	\$9.99	\$11.23	\$12.47	\$14.99	\$16.22
Scout Vehicles	\$31.20	\$54.92	\$78.62	\$102.36	\$126.07	\$149.77
Bin Push-Out Service (35 feet or further)	\$52.43	\$93.61	\$128.55	\$158.51	\$193.47	\$230.90

Additional Service		Rate Per
Charges		Service
Bin Cleaning Per Bin		\$54.69
Bin Overage Clean-up (following one written warning) Per Clean Up		\$24.29
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year) Per Item		\$30.39
Emergency Service Rates - one crew and one collection truck (Per Hr)		\$103.30

Recycling Rebate (Fixed)		Rebate per Unit Per Month
Single Family		\$1.58
Multi-Family		\$1.58

Fees		
Collector		\$552,929
Environmental		\$139,751
Recycling Rebate (Fixed)		Note 1

Note 1: Rebated directly to Customers Effective 1/1/2013

4/8/2019

Monthly Bin						
Container Size	Pickups					
	1	2	3	4	5	6
2-yard	\$97.62	\$136.04	\$174.45	\$193.68	\$251.33	\$267.84
3-yard	\$136.08	\$174.49	\$212.95	\$251.37	\$308.98	\$321.16
3-yard w/ compactor	\$272.13	\$349.02	\$425.84	\$502.74	\$617.97	\$642.28
4-yard	\$155.35	\$193.71	\$251.37	\$309.02	\$376.48	\$400.14
4-yard w/ compactor	\$310.71	\$387.43	\$502.76	\$618.04	\$750.39	\$800.31
6-yard	\$193.79	\$259.95	\$309.03	\$366.70	\$426.14	\$445.52
Recycling bin/cart	No charge					
						Extra Pickups
						\$69.61
						\$81.21
						\$162.46
						\$92.84
						\$188.18
						\$139.26

Other Bin Service Rates -						
Bin Service	Pickups					
	1	2	3	4	5	6
Locking Bin Service	\$7.74	\$10.32	\$11.60	\$12.88	\$15.48	\$16.76
Scout Vehicles	\$32.23	\$56.73	\$81.21	\$105.74	\$130.23	\$154.71
Bin Push-Out Service (35 feet or further)	\$54.16	\$96.70	\$132.79	\$163.74	\$199.85	\$238.52

Additional Service		Rate Per Service
Charges		
Bin Cleaning Per Bin		\$56.49
Bin Overage Clean-up (following one written warning) Per Clean Up		\$25.09
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year) Per Item		\$31.39
Emergency Service Rates - one crew and one collection truck (Per Hr)		\$106.71

Recycling Rebate (Fixed)		Rebate per Unit Per Month
Single Family		\$1.58
Multi-Family		\$1.58

(No Change/ Rate adjusted per Section 3.2.3 only)  
(No Change/ Rate adjusted per Section 3.2.3 only)

Fees		
Collector		\$571,176
Environmental		\$144,363
Recycling Rebate (Fixed)		Note 1

Note 1: Rebated directly to Customers Effective 1/1/2013

4/8/2019

## City of Rancho Palos Verdes - Area 2 (former UWS Area)

### Current Rates

Increase eff 7/1/19 3.30%

<b>Monthly Manual</b>			
Backyard Service for refuse, recycling, and green waste *- per home per month			\$66.23
Manure 32-gal customer-provided can (per can per month)			\$24.08
<b>Monthly Automated</b>			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service, based on refuse cart size	\$21.20	\$27.29	\$33.35
Additional Refuse Cart	\$7.29	\$9.72	\$12.16
Additional Recycling Cart	free	free	free
Additional Green Waste Cart (over three carts)	\$2.44	n/a	\$4.86
<b>Other Cart Rates and Services (Charged in</b>			
Backyard Service - per home per month, all cart sizes			\$7.49
Senior Rate Reduction			10%
Low-Income Rate Reduction			5%
Annual Payment Rate Reduction			5%
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year), per pickup			\$6.08
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year), per item			\$30.39
Cart Exchange (after free-exchange period), per request			\$18.24
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)			\$30.39
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled, per re-start			\$18.24

4/8/2019

Total % Incr Eff. 7.1.19 3.30%

### Proposed Single-Family Maximum( Not to Exceed) Rates FY 19-20 Effective 7/1/2019

<b>Monthly Manual</b>			
Backyard Service for refuse, recycling, and green waste *- per home per month			\$68.42
Manure 32-gal customer-provided can (per can per month)			\$24.87
<b>Monthly Automated</b>			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service, based on refuse cart size	\$21.90	\$28.19	\$34.45
Additional Refuse Cart	\$7.53	\$10.04	\$12.56
Additional Recycling Cart	free	free	free
Additional Green Waste Cart (over three carts)	\$2.52	n/a	\$5.02
<b>Other Cart Rates and Services (Charged in</b>			
Backyard Service - per home per month, all cart sizes			\$7.74
Senior Rate Reduction			10%
Low-Income Rate Reduction			5%
Annual Payment Rate Reduction			5%
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year), per pickup			\$6.28
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year), per item			\$31.39
Cart Exchange (after free-exchange period), per request			\$18.84
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)			\$31.39
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled, per re-start			\$18.84

## EXHIBIT 4

## Multi-Family

## Current Rates

Monthly Bin						
Container Size	No.					
	1	2	3	4	5	6
2-yard	\$83.10	\$115.85	\$148.01	\$164.58	\$212.91	\$245.36
3-yard	\$115.63	\$148.04	\$180.52	\$212.96	\$262.83	\$295.45
4-yard	\$131.92	\$164.30	\$213.01	\$262.87	\$317.59	\$367.99
Manure 3-yard	\$150.53					\$30.11
Recycling bin/cart	No					

Other Bin Service Rates -						
Bin Service	No.					
	1	2	3	4	5	6
Locking Bin Service	\$8.56	\$10.69	\$12.19	\$13.69	\$15.20	\$16.71
Scout Vehicles	\$31.73	\$54.47	\$76.76	\$99.26	\$121.80	\$144.34
Bin Push-Out Service (35 feet or further)	\$48.12	\$85.66	\$115.65	\$145.67	\$175.70	\$205.73

Additional Service Charges	Rate Per Service
Portuguese Bend Beach	\$2,408.24
Bin Cleaning Per Bin	\$30.11
Bin Overage Clean-up	\$30.11
Additional Bulky Item	\$30.11
Emergency Service Rates	\$102.35

FY 18-19 Effective 7/1/2018		Area 1	Total Area 1_2	Per Qtr
Collector	Amount			
	\$39,044	\$552,929	\$591,973	\$ 147,993
	\$9,757	\$139,751	\$149,508	\$ 37,377
Recycling Rebate	\$0			

## EXHIBIT 4

## Multi-Family

## PROPOSED MAXIMUM (Not to Exceed) RATES

FY 19-20 Effective 7/1/2019

Monthly Bin						
Container Size	No. Pickups					
	1	2	3	4	5	6
2-yard	\$85.84	\$119.67	\$152.89	\$170.01	\$219.94	\$253.46
3-yard	\$119.45	\$152.93	\$186.48	\$219.99	\$271.50	\$305.20
4-yard	\$136.27	\$169.72	\$220.04	\$271.54	\$328.07	\$380.13
Manure 3-yard	\$155.50					\$31.10
Recycling bin/cart	No charge					

Other Bin Service Rates -						
Bin Service	No. Pickups					
	1	2	3	4	5	6
Locking Bin Service	\$8.84	\$11.04	\$12.59	\$14.14	\$15.70	\$17.26
Scout Vehicles	\$32.78	\$56.27	\$79.29	\$102.54	\$125.82	\$149.10
Bin Push-Out Service (35 feet or further)	\$49.71	\$88.49	\$119.47	\$150.48	\$181.50	\$212.52

Additional Service Charges	Rate Per Service
Portuguese Bend Beach	\$2,487.71
Bin Cleaning Per Bin	\$31.10
Bin Overage Clean-up	\$31.10
Additional Bulky Item	\$31.10
Emergency Service Rates	\$105.73

FY 19-20 Effective 7/1/2019		Area 1	Total/Yr	Per Qtr
Collector	Amount			
	\$40,333	\$571,176	\$611,508	\$ 152,877
	\$10,079	\$144,363	\$154,442	\$ 38,611
Recycling Rebate	\$0			

## Attachment C

### Rate Adjustment Formula and Methodology

The City has a specific rate adjustment methodology (RAM), which was prepared by the City's procurement consultant and was approved by the City Council when the EDCO agreement was approved initially in November 2009. The methodology was reviewed and approved again when the contract extension was granted in June 2015. The RAM outlines the acceptable cost variables and national approved indices, and provides detailed guidelines on how future rate adjustments are calculated. This helps calculation accuracy. Similar methodologies are used by various cities in their recent solid waste franchise agreements.

**1) Service/Collection Cost Component:** EDCO's service/collection cost increases are based on calendar year 2018 and reflect the percentage of increases/decreases in several national indices from the U.S. Department of Labor, Bureau of Labor Statistics. These selected indices were specifically chosen because they are tailored to solid waste collection operations. For enhanced accuracy, a weighted average of the various service/collection changes is calculated and used in the RAM formula. The national indices include:

(US Dept. of Labor) Index /Commodity	% Change in 2018
Consumer Price Index (CPI)	+0.9%
Producer Price Index (PPI) for Fuel- Natural Gas	-0.2%
Heavy-Duty Truck Manufacturing (PPI)	+0.2%
Hourly Labor Costs *	+1.4%
<b>Total Weighted Average, Service/Collection Component</b>	<b>+ 2.3%</b> (See Exhibit 5A, Row 13G)

\* Based on previously contract approved labor rates

**2) Disposal Cost Component:** EDCO has a long-term importation agreement for the next decade with the County of Orange, which are lower than the typical LA County landfill tip fees. This has helped stabilize the landfill disposal rates used in the RAM. EDCO's disposal tip fee increases are based on the percentage changes in the tip fees at the Orange County (OC) county landfill and the Non-OC county (Puente Hills and SERRF) disposal facilities from 7/1/18 to 7/1/19. For enhanced accuracy, a weighted average is then calculated. In order to help protect the City's ratepayers from significant rate spikes in one year, there is an 8% cap placed on the Disposal Cost Component.

The annual percentage change in OC tip fees is 3.04%, from \$28.58 to \$29.45/ton; the Non-O.C. tip fees will increase 17%, from \$42.45 to \$49.61/ton which will be capped at 8% or \$45.85/ton. The difference of \$3.76/ton (\$49.61-\$45.85) will be carried over until FY 20-21.

With the cap in place, the combined weighted average of the Disposal Cost Component will increase by 5.5% from \$35.38/ton to \$37.32/ton effective 7/1/19.

<b>Disposal Facility</b>	<b>Gate Rate \$ Change/ton</b>	<b>Gate Rate % Change/ton</b>
County of Orange - Solid Waste	\$28.58/ton to \$29.45/ton	+3.04%
Non-Orange County (Pueente Hills and SERRF)	\$42.45/ton to \$45.85/ton	+8.00%
<b>Total Disposal Cost Component</b>	<b>\$35.38/ton to \$37.32/ton</b>	<b>+ 5.50%</b> (See Exhibit 5A, Row 14G)

**Total Rate Adjustment Request:** In summary, approximately 67% of EDCO's overall costs are related to service/collection costs, with an increase of 2.3%. Approximately 33% of EDCO's overall costs are related to disposal costs, with an increase of 5.5%.

As a result, EDCO's total rate adjustment, reflecting both disposal and service cost components will increase 3.3%. (See attached Table labeled Exhibit 5A, Row 24 G).

**Example of Rates:** The average household with a medium size trash cart will see an increase of 3.3%, which equates to an increase of \$0.90/month or \$11/year. Examples of EDCO's proposed maximum rates for FY19-20 are listed below:

<b>Service Level</b>	<b>Current Maximum Monthly Rates FY 18-19</b>	<b>Proposed Increase in Maximum Monthly Rates FY 19-20</b>	<b>Proposed Maximum Monthly Rates FY 19-20</b>	<b>Proposed Maximum Monthly Rates for Seniors (10% discount) FY 19-20</b>
Single-family (one trash cart)				
Curbside 35-gallon	\$21.20	\$0.70	\$21.90	\$19.71
Curbside 64-gallon	\$27.29	\$0.90	\$28.19	\$25.37
Curbside 96-gallon	\$33.35	\$1.10	\$34.45	\$31.01
Backyard Manual Unlimited (former UWS customers)	\$66.23	\$2.19	\$68.42	\$61.58

Multi-family accounts would have a similar proposed increase Maximum of 3.3%. For example, the Maximum on the rate for a 3-yard bin picked up twice a week would increase by \$5.57/mo. from \$168.92/mo. to \$174.49/mo.

**EDCO Disposal Corporation**  
**EXHIBIT 5A**  
**RATE ADJUSTMENT FORMULA - Effective 7/1/2019**

**Step One: Calculate percentage change in indices**

			A	B	C
Row	Adjustment Factor	Index	Old Index Value (prior year's "New Index") 2018	New Index Value 2019	Percent Change In Index ((Column B/ Column A) -1)
<b>Service Component</b>					
1	Labor (hourly rate)	(1)	25.30	26.45	4.5%
2	Fuel (Natural Gas)	(2)	119.1	114.5	-3.9%
3	Equipment (PPI)	(3)	147.7	149.1	0.9%
4	All Other (CPI)	(4)	252.169	257.565	2.1%
5	Disposal Component	(5)	\$35.38	\$ 37.32	5.5%

**Step Two: Determine components**

		D	E	F	G
Row	Adjustment Factor	Cost Component Weighted as a % of Component Total (6)	Percent Change In Index (from Column C)	Total Weighted Change (Column D x E)	Total Weighted Change, Subject to Increase Cap
<b>Service Component</b>					
9	Labor	31.5%	4.5%	1.4%	
10	Fuel	5.2%	-3.9%	-0.2%	
11	Equipment (PPI)	21.3%	0.9%	0.2%	
12	All Other (CPI)	41.9%	2.1%	0.9%	
13	Service Sub-Total	100.0%		2.3%	2.3% (7)
14	Disposal Sub-Total	100%	5.5%	5.5%	5.5% (8)
<b>Total Rate Adjustment</b>					
22	Service	66.5%	2.3%	1.5%	1.5%
23	Disposal	33.5%	5.5%	1.8%	1.8%
24	Total Rate Adjustment	100.0%			3.3%

**Step Three: Apply percentage change to sample rates**

		H	I	J	K
Row	Rate Category	Existing Customer Maximum Rate FY 2018/19	Total Weighted Percentage Change (Row 24, Column G)	Rate Increase or Decrease (Column H x Column I)	Adjusted Max. Rate (Column H + Column J) FY 2019/20
20	Residential Service - 64 gal	\$27.29	3.3%	\$ 0.90	\$ 28.19
21	Additional Refuse Cart	\$9.72	3.3%	\$ 0.32	\$ 10.04
22	3 Yd Bin, 1x week	\$131.73	3.3%	\$ 4.35	\$ 136.08
23	3 Yd Bin 2x week	\$168.92	3.3%	\$ 5.57	\$ 174.49
24	Extra Pick-up - 2 yd	\$67.39	3.3%	\$ 2.22	\$ 69.61
25	Extra Bulky Item	\$30.39	3.3%	\$ 1.00	\$ 31.39
26	Extra Bin Clearing	\$54.69	3.3%	\$ 1.80	\$ 56.49

**Step Four: Re-weight cost components**

			L	M	N	O	P
Row	Adjustment Factor	Index	Cost Component Weighting (Column D)	Percent Change as Applied to Rate Adjustment (Column E)	Increase in Cost Components (Column L x Column M)	Cost Component Increased (Column L + Column N)	Cost Components Reweighted to Equal 100% (To be used for FY 2020/21)
27	Labor	(1)	31.5%	4.5%	1.4%	32.9%	32.2%
28	Fuel	(2)	5.2%	-3.9%	-0.2%	5.0%	4.9%
29	Equipment	(3)	21.3%	0.9%	0.2%	21.5%	21.0%
30	All Other	(4)	41.9%	2.1%	0.9%	42.8%	41.9%
31	Service Sub-Total		100.0%			102.3%	100.0%
38	Service Component		66.5%	2.3%	1.5%	68.0%	65.8%
39	Disposal Component		33.5%	5.5%	1.8%	35.3%	34.2%
40	Total		100.0%			103.3%	100.0%

- (1) Driver A/B rate from Agreement between local haulers and Package and General Utility Drivers Local Union 396, International Brotherhood of Teamsters.  
(2) Producer Price Index, WPU 0531 not seasonally adjusted, Fuels and related products and power, natural gas - average annual change. (Preliminary numbers used in March)  
(3) Producer Price Index, PCU336120336120, Heavy duty truck manufacturing - average annual change (Preliminary numbers used in March).  
(4) Consumer Price Index for All Urban Consumers (CUUR0000SA0L1E), all items less food and energy index - U.S. city average - average annual change.  
(5) As determined in Exhibit 5B.  
(6) This column comes from Column F of the previous year's rate adjustment worksheet.  
(7) Service component change is limited to 4% in any one year with carryover to subsequent years  
(8) Total disposal increase from 7.1.18 to 7.1.19 is 5.5%.

**EDCO Disposal Corporation**  
**EXHIBIT 5B**  
**RATE ADJUSTMENT FORMULA**  
**Determination of "New Index Value" for Disposal Component Effective 7/1/2019**

Step 1: Determining Average Cost Per Ton for Current Year								
Row	Adjustment Factor	Index	Actual Tons	Alloc 50% to OC (2)	A Tons Disposed Prior Calendar Year (1)	B Gate Rates Per Ton as of July 1 Effective Date of Rate Adjustment	C Total Disposal Costs	D Average Cost Per Ton
1	O.C. Landfill System	(3)	12,912.9	-	12,913 (2)	\$ 29.45	\$380,284	\$29.45
2	All Other Disposal Components			-				
3	Non-O.C. Landfill(s)	(4)		-	0	\$ -	\$0	
4	Transformation	(5)	1,420.6	-	1,421	\$ 80.00	\$113,645	
5	Green Waste	(6)	10,506.5	-	10,507	\$ 45.50	\$478,047	
6	Non-O.C. Landfill Total		11,927.1	-	11,927		\$591,692	\$49.61
7	Total		24,840.0	-	24,840			

**Step 2: Application of 10% Cap on Non-Orange County Landfill Disposal Increase**

If Column G below indicates a percentage increase greater than 8%, the Permitted Non-O.C. Disposal Increase shall be the Prior Year Non-O.C. Disposal Increase plus no more than a 8% increase with reminder to be applied to subsequent years to the extent the annual increase does not exceed 8%.

Row	Adjustment Factor	E Prior Year Permitted Non-O.C. Landfill Average Cost Per Ton (7)	F Current Year Non-O.C. Landfill Average Cost Per Ton (Column D, Row 6)	G Allowed Increase: Lower of 8% or ((Column F/Column E) - 1)	H Permissible Current Year Non-O.C. Average Cost Per Ton, Up to Maximum 8% Increase
8	Permitted Non-O.C. Increase	\$42.45	\$49.61	8.00% Note 11	\$45.85
	Carryover (Note 11)				\$3.76 (Note 12)

**Step 3: Determining Average Total Disposal Cost Per Ton for Current Year**

Row	Adjustment Factor	I Tons Disposed Prior Calendar Year (1)	J Determine Weightings Of O.C. Vs. Non-O.C. Tonnage (tonnage by category/total tons on Row 11)	K Average Cost Per Ton	L Weighted Average Cost Per Ton (Column J x Column K)
9	O.C. Landfill System	12,913 (2)	52%	\$29.45 (9)	\$15.31
10	All Other Disposal Components	11,927	48%	\$45.85 (10)	\$22.01
11	Total	24,840	100%		\$37.32

**Step 4: Application of 10% Cap on Total Disposal Component Increase**

If Column O below indicates a percentage increase greater than 10%, the Total Disposal Component increase shall be the Prior Year Total Disposal Component Increase plus no more than a 10% increase.

Row	Adjustment Factor	M Prior Year Permitted Disposal Component Average Cost Per Ton (8)	N Current Year Disposal Component Average Cost Per Ton (Column L, Row 11)	O Allowed Increase: Lower of 8% or ((Column N/Column M) - 1)	P Permissible Current Year Disposal Component Average Cost Per Ton, Column M x (1 + Column O)
12	Permitted Disposal Increase	\$35.38	\$37.32	5.50%	\$37.32

(1) Based upon actual on tonnage for the 12 months ended the prior December 31.

(2) Shall be no less than 50% of total disposal tons, including green waste. If actual quantities are lower, sufficient non-Orange County Landfill tonnage shall be moved to the O.C. Landfill category for rate adjustment purposes to reach 50%.

(3) Actual import contract gate rate per ton at the Orange County Landfill System.

(4) Actual gate rate paid at the non-Orange County landfills used.

(5) Gate rate for transformation at SERRF waste-to-energy facility.

(6) Green Waste rate at Puente Hills for alternative daily cover. After Puente Hills ceases to accept green waste, new index will be selected.

(7) From Column H, Row 8 of prior year's adjustment.

(8) From Column L, Row 11 of prior year's adjustment.

(9) From Column D, Row 1.

(10) From Column H, Row 8.

(11) Non OC disposal fee effective 7.1.2019 is capped at 8%.

(12) Non OC disposal fee in excess of the 8% cap equals \$3.76/ton and will be carried over to 2020 rate adjustment

## Attachment D FY2019-20

### Collector Fee, Environmental Fee and Recycling Rebate/Credit

The City receives a Collector Fee and an Environmental Fee from EDCO. Per EDCO's agreement the amount of the annual fees are fixed amounts and they could automatically get adjusted when the rates are adjusted. These fees are incorporated in the rates, and are not a separate line-item in EDCO's quarterly invoices.

The City Council may allocate these fees among City funds as deemed appropriate. The current Council approved distribution of these two fees among City funds are as follows:

1. **Collector Fee:** EDCO's Collector Fee is currently the fixed annual amount of ~\$592,000. If the FY19-20 rate adjustment request is approved, the Collector Fee increases by 3.3% (or ~\$19,500) from \$592,000 to ~\$611,500. Currently the Collector Fee is deposited into two funds: 1) General Fund, and 2) Waste Reduction Fund.

a) General Fund: The residential and arterial streets' wear and tear due to truck traffic is addressed through programmed projects such as the annual residential overlay, slurry seal, arterial rehabilitation, and ongoing pothole, curb and gutter repairs.

b) Waste Reduction Fund (a restricted fund): Partially or fully pays for the administration of EDCO's contract, assisting with customer service questions and concerns, implementing ongoing Citywide required recycling and waste reduction activities and programs, awarding recyclers of the month, organizing and promoting special events such as the household hazardous waste and document shredding events, complying with State mandates including mandatory commercial recycling (AB 341) and mandatory commercial organic waste recycling (AB 1826), corresponding with haulers and CalRecycle, preparing annual reports, and publishing and mailing the City's quarterly Newsletter.

Staff recommends minor changes to the percentage allocation for FY19-20. Finance Department proposes these new percentages based on the increased cost of road maintenance and repair in the past few years, and the estimated Waste Reduction fund balance. (See below)

Collector Fee Fund Allocation	Current Percentage FY18-19	Proposed Percentage FY19-20	Proposed Amount (rounded) FY19-20
General Fund- Various	80%	85%	\$519,800
Waste Reduction Fund	20%	15%	\$ 91,700
<b>Total (\$ rounded)</b>	<b>100%</b>	<b>100%</b>	<b>\$611,500</b>



## **2. Environmental Fee:**

EDCO's current Environmental Fee is the fixed annual amount of ~\$149,500, which is deposited 100% into the Storm Water Quality Program of the General Fund and it supports sweeping of residential and arterial streets, servicing trashcans at bus shelters, and assisting in storm water quality/NPDES program implementation, compliance and outreach. If approved, the FY19-20 Fee would also increase by 3.3% (or ~\$5,000) for a total of ~\$154,400.

## **Recycling Rebate/Credit:**

Until 2013, the City received an annual recycling rebate of \$296,000 from EDCO. All the funds were deposited into the City's Recycling Fund for use on median improvement projects and/or median maintenance, and Beautification Grants. However, since 2013 at the direction of City Council the entire \$296,000 is refunded back to customers in their billing statements as a separate line item "Recycling Credit or Rebate". EDCO would continue to provide their existing customers with the City Council approved recycling rebate/credit of \$1.58/month/customer/unit. The customers in the former UWS area would continue also to receive their Council approved recycling rebate/credit of \$1.31/month/customer per unit. The minor difference (\$0.27/mo.) is due to the difference in the ratio of the number of former UWS customers to its contractual annual recycling revenue due to the City, as compared to EDCO's.

For FY19-20, there will be no change to the Recycling Rebate/Credit, since there has been no change in the California Redemption Value (CRV) of containers.

## **Attachment E**

### **EDCO's Automatic Contract Extensions and Cancellation Options**

- a. One-Year Automatic Extensions: EDCO's agreement includes a maximum of seven (7) automatic one-year (1) extensions/renewals, based on mutual consent. Therefore, the maximum term end date would be June 30, 2027, if the City continues to be pleased with EDCO'S services and does not issue a notice of cancellation.
- b. Annual Cancellation Option: The agreement also includes a mutual annual cancellation/non-renewal option that could be exercised during any of the various annual extension years. The agreement is based on fiscal years. Starting in November of 2019, either party could terminate the automatic one-year extensions/renewals by giving a written notice. The notice would be required "within 60 days prior to January 1 of each year of the agreement" to be affective June 30<sup>th</sup> of the following year (in 6-8 months).

The annual "60-day window" for a cancellation notification does not preclude the City from initiating a new procurement process early on, and then several months later issuing a notice of cancellation. The cancellation option allows the City to choose how much time it needs for a new contract procurement before issuing a notice of cancellation.

Typically 15-18 months is an adequate time for a competitive solid waste procurement process, conducting public education and outreach, awarding a contract and allowing time for the order and delivery of new equipment, and the hauler completing an operational/transition plan.

See example of the notification process and effective dates:

<b>Cancellation Notice Period "60-day window"</b>	<b>Contract Cancellation Effective Date</b>
November - December 2019	June 30, 2020 (6-8 months' notice)
<i>No Action/ No notice issued during 2019</i>	June 30, 2021
November - December 2020	June 30, 2021 (6-8 months' notice)
<i>No Action/ No notice issued during 2020</i>	June 30, 2022

If the Council would like to consider this cancellation option, staff can place this item on a future agenda.